

Opera Mundi **EUROPE**

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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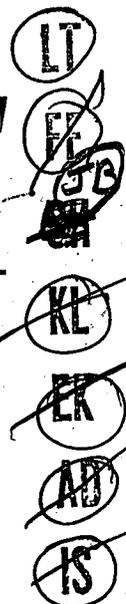
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A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY

May 22 - May 28, 1967

From our Correspondents in Brussels and Luxembourg

AGRICULTURE

Meeting the Deadline

The Agricultural Ministers' Council meeting last week proved so fruitful that there now seems to be every chance that the Community will manage to meet the first major deadline it has set itself for the establishment of the common agricultural market. It was agreed last year (see No 367) that free movement for farm produce would come into effect on July 1 of this year for cereals, cereal-fed products (pigmeat, eggs and poultry), fruit and vegetables and oil-seeds (colza, sunflower and turnip-rape). Three main questions were largely resolved at the Ministers' meeting:

1) Implementation of the Common Policy: Now the final stage in establishing the common market in this sector is approaching, this was an important political question, as it relates to the Commission's executive powers and affects its relationship with the member-states in this regard. For France, M. Faure proposed the creation of a new intergovernmental body to handle the work, comprised of top-ranking civil servants working in close touch with the Commission. Although the French Minister recognised the Commission's authority in this sphere, and stressed that his proposal was in no way aimed at limiting this, there were those who feared that such a move might place the European executive under the eye of a "watchdog". However, the French proposal was eventually withdrawn, and it was agreed that the Special Agricultural Committee, which at present prepares the Ministers' briefs, would also become responsible for this executive function, provided that members sent either more or higher ranking officials to join it. The agreement on this question stated that, "In agreement with the Commission, the Council has delegated to the Special Agricultural Committee both the work of supplying members and the Commission with continuous information on market trends, and the study of any problems concerning the administration of these markets, and its guidance". This solution applies to all the sectors covered by the CAP, and it has the virtue of preserving the Commission's autonomous powers.

2) The Single Cereals Market: Almost all the major problems remaining in this sector have virtually been resolved. France managed to win acceptance of the proposal that "preventive" intervention in the market should be admitted in principle, for a trial period of one year. This means that the Community need not wait for prices to collapse before it intervenes, but, at the mere threat of collapse, it will, for instance, be able to grant aid for private stockpiling. It was also at France's instigation that provision was made that export rebates should be fixed and not dependent on the area of origin. At the same time, the amount of rebate should not necessarily be based on

the region in the Community where surpluses are highest, as prices in such places would tend to be closest to the world price. A third point was that until the 1969-70 season, import and export certificates for cereals would not be Community issued - they would be granted by the national administrations, and would be valid only in the country of issue. This is against all the principles of the common policy, but is partially justified by the fact that any national from within the Community could obtain this sort of document from any country within the EEC.

3) Pigmeat, Eggs and Poultry: In these sectors, there are still considerably differing positions between the various member-countries, for the simple reason that in the most agricultural countries, like France, many peasant families still make a living from this sort of small-scale farming, although at little more than subsistence level, while in others production has become, or is becoming, fairly large-scale, and is thus achieving higher returns. The governments of those countries falling into the second category are all for giving the market the freest possible play, not least because an intervention scheme would cost them dear, in terms of payments to FEOGA, and would also make for rising prices. France, on the other hand, favours an interventionist approach, for the better support of the market. A compromise solution may yet come, in the guise of incentives for the formation and functioning of groups of small scale producers (the Commission has already made proposals on this), and recognition of certain subsidising rights on the part of national administrations. In fact, the Commission is now setting its sights on an overall compromise, and it was for this reason that Sicco Mansholt decided to absent himself from the rest of the Tenth Anniversary celebrations in Rome and get on with the immediate business in Brussels, by playing the "deus ex machina" in the forging of this vital compromise, should it become necessary.

* * *

The Rome Summit

The long-awaited Rome Summit of the leaders of the Common Market countries is now over. Although they gathered to celebrate the signature of the Rome Treaty in 1957, the two day meeting was dominated by matters which will affect the future development of the members of the Community: the question of the British bid to become a member, and the trend towards political co-operation and co-ordination amongst the Six. These are overlapping issues, and have already produced a struggle between the Five - with the Dutch as defenders of the most extreme views - and France under President de Gaulle.

Delaying Tactics: The Benelux countries would like to see talks starting with Britain before actual negotiations begin, and they envisage these taking place during the coming months. General de Gaulle, however, is still opposed to precipitate action, and it became quite clear that he is trying to delay the British bid in the hope that it might fade away without having ever really getting anywhere. He appears to be unwilling to use the veto again, as he is doubtful about the effect of such a decision on the rest of the Five, but it is wrong to imagine that this would break up the Community,

and here is the field in which those members of the Five who support British entry may be able to apply pressure, although despite President Saragat's remarks and the recent attitude of Herr Strauss, the Italians and Germans did not press the French a great deal.

The French President insisted on the need for prolonged and profound studies by the Six's Council of the Foreign Ministers of the question of the British - and the Danish and Irish - bids, because of the implicit dangers. They will begin to examine the problem next week, but a quick decision is now unlikely, in view of the French attitude. Most observers believe that little progress can be made before the autumn, although the situation may change if Mr. Wilson is able to reassure the General that the problems he has raised in connection with Britain's entry can be satisfactorily resolved in the immediate future. Next week's Council meeting, however, will at least look at the question on the basis of the whole Treaty, which states that it is aimed at the establishment of an ever closer union within Europe.

Political Co-operation: The problem of greater political co-operation brought about another clash between the French and the Dutch. The former wanted the Foreign Ministers to prepare a detailed list of matters which could be discussed at the next proposed summit meeting in the Netherlands towards the end of the year. However, the Dutch wanted no moves to be made towards political co-operation amongst the Six, without British participation, and as a compromise it was finally agreed that the Foreign Ministers should try and see if there was any chance of creating closer political links. Both the Italians and Germans were in favour of closer contacts, whilst the Belgians stood between them and the Dutch, who might well have been more co-operative over this question, had the French been more encouraging towards Britain.

Merger of the Executives: The other major decision was that the executives of the three Communities - the EEC, Euratom and the ECSC High Authority - should merge as planned on July 1st, 1967. At present the leading candidate to succeed President Hallstein and head the new body is Signor Emilio Colombo, the Italian Treasury Minister, but he may be unwilling to accept, as he may lose the chance of holding a higher political office in Italy. In that case, it is virtually certain that M. Jean Rey, the EEC's representative during the Kennedy Round negotiations, will be appointed president.

* * *

Two Successes for Freedom of Competition

1) Defeat for Belgian export cartel: The efforts being made to ensure freedom of competition and equal chances for all firms have recently scored two successes: The first case was that of the Comptoir Belge de l'Azote, which for many years had exclusive selling rights in Belgium and abroad for basic nitrogen and ammonium sulphate fertilizers. This agreement was deemed contrary to the regulations of the Rome Treaty by the EEC Commission, which informed the firms concerned that its application might well be harmful to intra-Community trade.

As a result, the Belgian producers have decided to drop the exclusive export rights held by the Comptoir Belge and can now compete against each other outside national territory, although all external sales will still be made through the Comptoir Belge.

2) Defeat for Unjustified Prices: A leading - and unnamed - producer of animal feeding stuffs has dropped a request for above-normal prices from a customer, based near the frontier with another member State, which was exporting its products to that state. As the cost of advertising in the latter was higher than in the home market, the producer argued that the customer was benefitting from its advertising, and should bear the extra cost. The customer complained to the Commission, and although they agreed that the price increase corresponded to the higher advertising costs, they also decided that it was incompatible with the competition rules of the Rome Treaty, since it attempted to raise artificial trade barriers within the Community. The producer decided to drop its higher prices on being told of the Commission's findings.

* * *

E.C.S.C.

Domestic Steel Prices - Little Change since 1954

A More Realistic Situation: The publication last March of new barometer prices for the four West German steel sales cartels is a step towards the re-establishment of true barometer prices and therefore towards a true statistical picture of the market. The new West German barometer prices - on average 10% lower than those previously in force - have brought the level of published prices much closer to those actually existing throughout the common steel market, which average some 20% lower than the published barometer prices.

Cheaper Steel in General: Despite this, and the granting of certain rebates, some steel consumers have complained that in practice these new lower barometer prices have meant price increases for them, since in future they will no longer be granted sizeable alignment rebates. This is true, to the extent that purchasers awake to price changes will pay more than before (provided of course that the new barometer prices are fully applied), but most steel consumers - who never before obtained large rebates - will pay virtually the same price, possibly even slightly less, than a few months ago.

ECSC Domestic Prices Lower than in Britain and the USA: Any discussion of Community steel price levels makes it worthwhile to analyse the state of domestic steel prices in the other major producing countries. The competitive position in the world of steel-using industries depends largely on their exports to third countries, and therefore on the price of their raw materials. Even at a glance, one aspect becomes immediately apparent: the domestic prices of the Community's steel industry (barometer prices) are virtually at the same level as 13 years ago. If barometer prices for some ten rolled products between 1953 and today are compared,

it is found that on average there has been a decrease of 1% in West Germany, 4% in Belgium and 15% in Italy, whilst in France there has only been a 3% increase. During the same period, the average domestic prices in Britain rose by 44% and by 41% in the USA. Admittedly in 1953 the general level of Community prices was higher than those in either of the latter countries, but since then their prices have overtaken and gone well above the level of published prices within the Community. The table at the end of this article (page 6) compares in dollars per ton the domestic prices for various rolled steel products in Britain, the Community and the USA. This shows that apart from tinplate and cold rolled sheet, the Community's domestic prices for products in all member countries are lower than domestic British prices, which in turn are considerably lower than the American prices.

In addition, for most of these products the difference between Community and British domestic prices is such that even if the delivery price is taken (price ex-works and transport cost), it is found that Community steel (especially Belgian and German) is less expensive in the main British steel consuming areas than domestic steel. But this favourable comparison for Community steel does not take into account the effect of tariff and other duties. Obviously, if Britain joins the Common Market, her steel industry will have to lower its prices considerably if it is to face up to Community competition, unless the latter raises its barometer prices.

Another way in which the system of internal Community prices differs from iron and steel price structures in Britain and the USA is revealed by a breakdown of prices from one Community country to another. If we look at the comparative prices for the various types of rolled products in the table, we note that the price-gaps between different items is far larger in the Community than in the USA and Britain. This means that in the USA the fact that a product is either sectional or flat, has little effect on price-formation, and prices in general tend to even out around that of beams, medium sheets and strip. In the USA and Britain this price-alignment has been made possible by the use of the latest multi-purpose rolling mills. Ten years or so ago, when the technological gap between the EEC steel industry and that of the USA was even more marked, it was quite normal for price-gaps to be wider inside Community countries than in non-members. Much ground has been made up since then, but gaps are still evident. The root-cause of this situation is that in the USA and Britain prices of the various rolled products are based on relative costs, whereas in the Community they are largely dictated by the play of a market, where, until now, unbridled competition has made it impossible to base prices on costs. Since there are considerable differences in the competitive nature of the market for the various types of rolled products, price-formation occurs in isolation for each item, and regardless of the costing breakdown. It is to be hoped that the High Authority's "new steel policy", at present being formulated in close collaboration with the Council of Ministers, will make it possible at last to effect improvements in this side of the industry.

* * *

DOMESTIC PRICES FOR ROLLED STEEL PRODUCTS IN THE EEC, BRITAIN & THE USA

June 2, 1967

Products	Quantity t	UK SM	W. Germany		France		Italy SM	Belgium		Luxem- bourg Th	Netherlands		USA SM
			Th	SM	Th	SM		Th	SM		HK	SM	
Hot coils 1,000 x 2.75 mm	100	119.80	95.30	102.25	112.45	118.90	113.25	95.00	100.00			118.90	113.40
Rods for concrete 16 mm	50	117.30	85.70	-	97.05	-	86.55	82.25	-	103.55		88.45	131.15
Ordinary rounds 38 mm	50	114.95	97.20	108.75	98.25	108.95	102.40	95.65	112.45	101.75		112.75 119.00	143.85
Angle irons 130 x 130 x 13 mm	5	116.25	102.75	114.25	100.95	111.70	117.60	98.40	115.40	104.40		- -	144.40
Beams IPN 300 mm	5	116.15	93.35	103.70	97.75	108.70	115.20	93.00	110.00	104.00		- -	146.60
Wire rods 5.5 mm	25	123.90	91.20	105.60	99.20	106.25	116.80	96.00	106.00	103.00		107.35 111.25	157.10
Narrow strips 76 x 4.76 mm	50	122.10	108.95	115.95	105.70	118.15	113.60	111.80	121.80	109.90		116.90 122.70	146.60
Thick plate A 42 1525 x 1600 x 6 mm	10	127.65	115.80	123.75	121.60	132.80	136.50	111.20	111.20	130.00		113.25 119.80	146.60
Naval plate-Lloyd's AB 1830 x 6110 x 15.8 mm	10	132.15	-	129.15	-	142.30	133.30	-	120.50	-		- 126.55	141.10
Cold plate SPD/XO 1000 x 2000 x 1 mm	25	156.25		145.95		155.95	159.20		161.20	164.20		158.00 169.30	163.70
Electrolytic tinplate 0.50 lbs 865 x 585 x 0.25mm	250	215.00		224.50		233.75	232.45		237.75	-		225.80	222.90

Lorraine Steel Combine Authorised

The High Authority has given SMS (Societe Mosellane de Siderurgie) the go-ahead to link up with the Sacilor group, which was formed two years ago by De Wendel and SIDELOR, mainly for the joint setting-up of a new works at Gandrange in the Moselle. This plant is to meet the supply shortage in oxygen steel.

The Gandrange works will go into production with a capacity of 1.6 million tons of crude steel, and will receive further investments under the French reorganisation programme for steel, which will bring its capacity up to the 2.5 million ton mark. The agreement just ratified by the High Authority allows SMS to give financial backing to the Sacilor expansion scheme, in return for which it will receive priority claim on 20% of output from the Gandrange works, for re-rolling in its own mills.

* * *

EURATOM

A Political Decision needed to Solve the Crisis

Although in theory the Six have been giving Euratom problems priority for the past two months, in practice a solution seems, if anything, further away than ever, and unless the ministers manage to make a political arrangement - possibly in the middle of June - the nuclear Community is likely to run into a real crisis. It is not even a question of agreeing about the contents of the next five year programme (1968-1972), but of agreeing as to how the present programme should be wound up, although this does of course have some influence on the future trends.

Sufficient Overall Funds: The most striking fact is that the financial problem, due to a slow-down in various projects, has virtually faded away. The overall allocation for 1967 is sufficient to cover everything scheduled. But for certain specific programmes, such as the contracts signed between Euratom and both France and Germany, covering fast-breeder reactors, funds are inadequate. Unfortunately, this will result in political wrangling to see who can obtain the most, and furthermore the Italians have demanded that the PEC reactor project be added to those under discussion. Since unanimous decisions are required to solve all these problems, matters have come to a standstill.

The Deficit on Fast-Breeders: The most delicate problem - because it also involves principles - is that of financing the deficit for the Euratom contracts with France and West Germany on fast-breeder reactors. The Dutch are refusing to allow the Community to cover the deficit unless the work carried out on these reactors is done within the Community framework. This position is quite a reasonable one: why promote such major research projects if the main findings are going to be used by the country concerned, which will then withdraw from the Community programme, once it has acquired all the necessary knowledge? Up to the present moment, the French delegation has been unable to enlighten the others as to its government's attitude on this point.

No Satisfactory Solution: A stop-gap solution has been put forward, but it would deal a severe blow to Euratom. The budget would remain as it now is. Some schemes would result in a surplus, but others, in particular the fast-breeder programme, would be faced with ever larger deficits, and the only way of solving this aspect would be to cut back work or even scrap them completely.

* * *

E.I.B..

A New York Bond Issue

The EIB has made a new bond issue valued at \$25 million: the bonds have a duration of 20 years, and bear interest at $6\frac{1}{2}\%$. These were issued in New York on May 25th at a rate of $99\frac{3}{4}\%$. \$20 million of the total amount has been underwritten by 81 banks, including 63 based in Europe: Kuhn, Loeb & Co., The First Boston Corp., Lazard Freres & Co., Amsterdam-Rotterdam Bank NV., Banca Commerciale Italiana, Societe Generale de Banque, Banque de Paris & des Pays-Bas, Deutsche Bank AG, and the Luxembourg Caisse d'Epargne de l'Etat. The remaining \$5 million have been placed directly with a European institutional investor.

The EIB will use the proceeds from the sale of the bonds to finance its lending operations, and after this move its debt stands at nearly \$402.6 million.

COMMENT

A Letter from Paris

MONETARY REFORM : THE GOLD-GUARANTEE & THE EEC

The deadline of July 1, 1968 is fast approaching and once the EEC customs union is established, it will not be long before we see an economically unified Common Market. As we have already noted, (see Nos 408, 409), cross-frontier investments will then increase rapidly within the EEC, and unless steps are taken to co-ordinate the Community's currencies, internal balance of payments problems may start to arise. The solution we then put forward was not one that would require any of the Six to forsake their sovereignty in monetary matters: each member State would consider giving a gold guarantee on outstanding central bank balances held by other nations in their own currency. We should now weigh the pros and cons of this.

1) The national monetary authorities, as a matter of tradition, are opposed to granting any guarantees for their own currency, be it another currency - such as the dollar - or gold, to which they have even stronger objections. They defend their attitude on grounds of prestige: to grant such a guarantee would create doubts about the strength of their currency. But as there is little likelihood of the principle of devaluation being banned in the near future, their defence should not be taken too seriously. A more realistic answer would be that none of the central banks relish the thought of having to make up the difference to other nations if their own currency is devalued, as would be the case if it were guaranteed against the dollar or gold.

2) In fact the European Monetary Agreement - the EMA (which replaced the European Payments Union - the EPU), formed after the return to convertibility of the European currencies, contains a clause guaranteeing the balances of its members in each other's currencies, but only in dollars, and if these currencies and the dollar were devalued simultaneously, it would have no effect at all. One can thus say that it does not safeguard the full gold-value of its signatories!

3) If the member States of the Common Market were to grant each other a gold-guarantee clause for their own currencies held in the various national reserves, it would not be a real sacrifice, for if the Common Market is to function smoothly one can hardly expect a member to devalue, without all of the others making very similar moves; if this happened, and the proposed multilateral arrangement was in existence repayments to cover the decreased gold value of each currency would be made between all the member states. However, since these balances are not necessarily equal, the repayments would not be the same in all cases. As repayments would be made in the currency of each interested state - equal to the difference in gold value between the new and old rate of this currency held by the others, there would be no need for gold or dollars to be transferred from one official reserve to another.

(4) Most European central banks derive a considerable part of their income from the short-term placement of the currency holdings in their reserves. As this normally means dollars, they find it easy to place these quickly, due to the flexibility and scale of the New York financial market; the same banks might be unwilling to include currencies belonging to their Community partners in their reserves, unless there were adequate placement facilities for such funds. (We shall return to this question later on, as it is of some importance). The situation is not the same for all, however, since the Banque de France for example derives a considerable share of its income from the re-discounting of commercial paper on a large scale.

(5) The main obstacle to the immediate introduction of the proposed arrangement is the narrowness of the European financial markets. It would not make sense for a European nation to hold the currency of another European nation in substantial quantities - even if it was backed by a gold guarantee clause - unless there existed easy placement facilities for that currency, either directly, in the form of that nation's Treasury bonds, or on the Euro-exchange market, perhaps through one of the fund-holding nation's own commercial banks. It would obviously be necessary for such placements to give much the same interest yield as the dollars, although a slightly smaller return might be feasible, since these funds would be backed by gold, whereas dollars do not benefit in the same way. The heads of the monetary authorities within the Six have often proclaimed that the organisation of a strong European financial market is essential, and so the best way to break the vicious circle which prevents the creation of this market would be the establishment of a powerful official source - the various central banks - which could provide additional funds in large quantities.

(6) Several Common Market members do not encourage deposits by foreign investors, and Germany even forbids the payment of interest on such deposits, whereas France encourages them and permits in their case interest notes that are higher than those authorised for citizens. Thus, if France or Italy today held large DM balances, they would be unable to place them profitably on a short-term basis in West Germany. Although this situation would have to be changed, it should not cause any great sacrifice for Germany, if the advantages to be gained by the proposed arrangement are being thrown in the scale.

(7) In general, interest yields for placements in the USA are higher than in Europe. If a viable financial market were established on this side of the Atlantic, however, the ensuing competition between the two markets would probably even out to a great extent this difference in yield. This would introduce attractive placement possibilities for European currencies, and any such move should be welcomed by all concerned, provided that at the same time the difference between lending and borrowing rates were also reduced to a level comparable with the United States. In fact, despite high yields on funds placed on the New York market, lending rates are generally lower in the USA than in Europe, and thus the proposed move should not be regarded as an excuse for an increase in interest rates on commercial and industrial capital borrowings by Continental firms.

(8) As an example of the present situation, one might take the following case. A French firm decides to expand in West Germany, and instructs its Paris bank to buy the necessary Deutschemarks. The bank will start by trying to buy the necessary amount in DM on the European market - which includes London - either directly or through a triangular or quadrangular transaction. If it is unable to acquire all the necessary currency in this way, it will buy the balance in dollars and have it credited to the New York account of a German bank. The latter will then sell the dollars, on the Frankfurt exchange market or to the Bundesbank, and use the DM's thus obtained to comply with the instructions of the French firm. This role played by the dollar, as a vehicle for monetary transactions, would be eliminated if the proposed arrangement for transactions within the Common Market were adopted. Each central bank would always hold large quantities of member states' currencies, and could thus satisfy the demands of its own private banks. Such a restriction of the dollar's vehicular role to extra-Community transactions would not displease those who are sensitive about its unique position; on the other hand Americans would have no reason to be upset by such a move.

(9) One of the first objections that might be raised to the proposal that national currencies should return to the financial markets of the countries whose citizens make the investments, is that such moves would be inflationary in effect. This is not so. If we take the example of a French firm or firms wishing to invest large sums of money in West Germany, the required amount of capital leaves France and is not automatically replaced in France, unless by accident German firms decide to invest similar sums in France. This produces a deflationary effect in France; the reason why such effects have not yet been felt to any noticeable extent is that cross-frontier investments are still fairly modest on the Continent. A change for the worse, however, could quite well take place, once the EEC customs and economic union is fully established.

Under the proposed arrangement, any francs invested by French firms in West Germany would be automatically returned to France by the Bundesbank. These would not produce any inflationary effect, but simply prevent the creation of a deflationary situation in France. Within West Germany the Bundesbank would issue DM against the French francs in question and there would thus be no change from existing practice: it would be neither more, nor less inflationary. (The situation would be the same even if Community transfers involved only gold - in the unlikely event when the nostalgic devotees of a "return to the Gold Standard" won the day.)

As far as the investing country is concerned - in this case France - the proposed arrangement would thus eliminate the real danger of constant liquidity shortages arising out of the normal desire of French citizens to invest in other Common Market states. It would also enable the financial authorities in the interested nations to adopt a much more liberal attitude towards borrowings by their firms for foreign expansion - for example through bond issues - because such funds would only leave the country for very short periods.

(10) All present EEC members could easily consider the granting of a gold-value guarantee for the amounts of their currency held in the reserves of the other states and their traditional dislike of this move would be greatly outweighed by the obvious advantages

of such a system, but if Britain joined the EEC, she would find herself in a different position from the rest of the Six. In all her various bilateral monetary agreements, Britain has carefully avoided giving any such guarantees and has defended her position by saying that as a reserve currency country she cannot afford to do so. There were rumors of a gold-guarantee clause for the recent borrowings from the US - and these have been strongly denied - but even if they were true, Britain would not admit it, fearful of the precedent thus created in her arrangements with the sterling area countries, who maintain large sterling balances without any guarantee.

If a multilateral guarantee system were set up within the EEC, and Britain joined, she would have to take part in it, after making the necessary adjustments for sterling. In the eyes of those who, like General de Gaulle, still have doubts whether the present is the right moment for Britain to join the Common Market, acceptance of such a multilateral monetary arrangement could quite well turn into the decisive question as to whether Britain is ready to become a member-state of the Community.

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ADVERTISING

** An association agreement has been signed between the German advertising concern DR GRUPE & CO, ALLGEMEINE WIRTSCHAFTSWERBUNG, Hamburg (headed by Herr Gerhard Grupe), and the British firm HORNIBLOW COX-FREEMAN INTERNATIONAL LTD, London. A subsidiary called HCF-DE GRUPE GmbH will be formally established in West Germany on July 1, 1967, and the London partner will have a controlling interest.

AUTOMOBILES

** After a break of almost 30 years, the German "Opel" car is to be officially represented in Britain once again: "Kadett", "Rekord" and "Commodore" models, made in its Rüsselsheim, Rhineland, factory by ADAM OPEL AG (capital DM 440 million - see No 410), will be distributed from Autumn 1967 by the London sales company GENERAL MOTORS LTD, which, like Opel, is a subsidiary of the Detroit, Michigan, GENERAL MOTORS CORP.

BUILDING & CIVIL ENGINEERING

** The Swedish manufacturer of pre-fabricated parts for housing AEKE RENSTIG TRAEMANUFAKTUR, Hälsingborg, has closed its West German sales subsidiary AEKE RENSTIG TRAEMANUFAKTUR GmbH, Osnabrück (formed in May 1962 - capital DM 100,000), whose manager is Herr A. Renstig.

** Three Sardinian tourist property firms which are based in Cagliari, are going to merge. S.A.I.A.-STA PER LE ATTIVITA IMMOBILIARI & ALBERGHIERE SpA (capital Lire 477 million) will take over S.E.I.S.-STA EDILE IMMOBILIARE SARDES (capital Lire 100 million) and INSAR-ISTITUTO IMMOBILIARE SARDO (capital Lire 50 million).

CHEMICALS

** The New York chemical and food group W. R. GRACE & CO (see No 406), has reorganised and strengthened its Italian interests, where it has backed the merger of a subsidiary, GRACE ITALIANA SpA, Milan, with PASSIRANA SpA, Passirana del Rho.

With Mr. H. L. Gilbert as president, and run by Sig. E. J. Bignami, the Milan concern (formerly Darex Italiana SpA, Melito di Napoli) makes a wide range of chemical products ("Darex", "Cryovac", "Silica Gel", "Daxad", "Endura", "Darvac", etc.) for use by the rubber, plastics, packaging, coating and paint industries, as well as in agriculture.

** Recently established in Milan with a capital of Lire 900,000 (see No 409), the sales company ACHESON ITALIANA Srl is directly controlled by the Dutch subsidiary ACHESON NEDERLAND NV, Scheemda (formerly Acheson Colloiden NV - see No 398) of the American chemical group ACHESON INDUSTRIES INC, Port Huron, Michigan. The manager of the Italian company is Sig. Guisepe Gola, and the president of the board of directors is Mr. H. A. Acheson, whilst the managing director is Mr. Stewart MacKenzie Owen.

** Further to the reorganisation and strengthening of its European interests, the New York chemical group UNION CARBIDE CORP (see No 395) has opened a Düsseldorf branch to its West German subsidiary UNION CARBIDE DEUTSCHLAND GmbH, Wissen, Sieg (formerly Unicar Apparatebau GmbH). The German company (capital DM 9.2 million) is headed by Herren Wilfried Haumann; Oskar Nissen and Johann-Pius Süssli, and already has branches in Hamburg and Mannheim (called Werner Deissler, Grosshandel für Schweiss-Technik).

** The world's leading meat canning concern SWIFT & CO, Chicago, has signed an agreement with UNIPOL-UNION DES INDUSTRIES DE PRODUITS OLEAGINEUX SA, Marseilles (see also Food & Drink), covering the manufacture in France and sales throughout the Common Market of new types of fatty substances. A joint subsidiary will be formed between the US group (long represented in France by S. A. Francaise Swift & Cie - president M. J. Chanat) and a subsidiary of the French group Nouvelles Savonneries Francaises & Ets Fournier Ferrier SA, Paris (see No 348). It will make metallurgical lubricants, metal soaps and solvents in a factory belonging to the latter at Yainville, Seine-Maritime.

Swift & Co began to manufacture these products in Europe during 1963 by forming Swift's Chemicals (U.K.) Ltd, Liverpool, in conjunction with Liverpool Central Oil Co Ltd. The Chicago group's European interests are extensive, and include: Italswift SpA, Isola del Cantone (formed in 1962), Swift SpA (both in Genoa), Swift & Co, Deutsch Libby GmbH, which also controls Davermilch Handelsgesellschaft mbH (all three in Hamburg), Swift & Co (Belgium), Antwerp, Swift & Co Ltd, and Henry A. Lane & Co Ltd, London (and its Liverpool subsidiary), Roderick Scott, Glasgow, Swift & Co AG, Zurich, Ulster Swift Ltd and Swift Espanola SA.

** The French L'AIR LIQUIDE SA group (see No 407) intends to open a liquefied gas processing centre in the industrial zone of Ghlin-Baudour, where it has acquired a two-and-a-half acre site.

The group is represented in Belgium by l'Air Liquide Belge SA, Liege (formerly Ste Belge d'Etudes des Applications de l'Oxygene SA - formed early 1964 - see No 253), and it has six of its own factories in Belgium and Luxembourg. Since 1963 it has had a Rotterdam subsidiary, l'Air Liquide Nederland NV (formerly N.M.Z.S.). It also holds minority interests in Ste Belge de l'Azote & des Produits Chimiques du Marly SA, Liege, and in Petrochim SA, Antwerp.

** A Swedish company selling chemicals to the wood industry, F. HYLEN & CO, Malmö, has set up in West Germany by forming a subsidiary in Hanover called F. Hylen & Co GmbH (capital DM 20,000).

The parent company (headed by Mr Gert Hylen) has had a London subsidiary since December 1966, called F. Hylen (UK) Ltd, (capital £100).

** SICPA DRUCKFARBEN GmbH, Schmiden (capital DM 50,000) was recently formed in West Germany as the result of moves by a group headed by the Geneva PLATAL HOLDING SA (capital Sf 3.6 million) run by M. Albert Amon.

The group already includes Sicpa-France SA, Vitraz-Monthoux, Haute-Savoie (see No 327), Incorex NV, Malines (formerly Ste Neckerspoel SA) Sicpa Italiana SpA, Milan, Sicpa International SA, and Fidax SA, both of which are in Lausanne.

** The Frankfurt chemical group FARBWERKE HOECHST AG (foreign turnover of DM 2,700 million) has extended its interests outside West Germany with the formation of an Algerian sales subsidiary. The new HOECHST ALGERIE SA (capital Dinars 50,000) will mainly be involved in the distribution of plant protection products and fertilisers.

** Under the terms of an agreement made between the two major German chemical groups, FARBWERKE HOECHST AG, Frankfurt, will, at the end of this year, buy up the 15% interest held in SUDDEUTSCHE KALKSTICKSTOFFWERKE AG, Trostberg, Obb (see No 370) by BASF-BADISCHE ANILIN-& SODA FABRIK AG, Ludwigshafen: this will double Hoechst's present interest.

The Trostberg firm specialises in production of calcium cyanamide, calcium carbide, melamine, casting alloys etc, has DM 35 million capital, and will remain under the 70% control of the State holding company VIAG - Vereinigte Industrie Unternehmungen AG, Berlin and Bonn (see No 391). It has 3,200 on its payroll, and its annual turnover exceeds DM 200 million. It is linked with the Klöckner & Co KG group, of Duisburg, in a joint subsidiary formed in April 1966, called Stahlwerks - & Giessereibedarf GmbH, Duisburg.

COSMETICS

** French interests represented by Mme Carole Becque, Milan, (majority shareholder) and M. Andre Pozzati, Neuilly-Plaisance, Seine-St-Denis, have formed a Milan company called CAROLE BECQUE Srl (capital Lire 500,000). This will import, represent and market cosmetic products.

ELECTRICAL ENGINEERING

** The American BENDIX CORP, Detroit, Michigan (see No 406) has strengthened its West German interests by making the branch it opened in Frankfurt some years ago (to sell and service its auto- and aircraft equipment) a full subsidiary under the name of Bendix International GmbH (capital DM 300,000 - manager R. E. Garrison).

The group's other German interests (its 1966 turnover was \$1,051,000) are a 50% stake in Teldix Luftfahrt-Ausrüstungs GmbH, Heidelberg (only other partner AEG-Telefunken); 33.3% in Nieberdinff & Co GmbH, Neuss, and 25% in Textar GmbH, Leverkusen (see No 401).

** FINANZIARIA PIEMONTESE SpA (capital Lire 5,000 million - see No 317) which was formed in Turin during early 1966 to develop and give financial aid to small and medium sized concerns, has acquired a minority shareholding in PAN ELECTRIC SpA, Cameri, Novara (see No 349). The latter's capital will be increased to Lire 500 million; it makes a wide range of electrical control equipment and circuit boards. Headed by Signor G. M. Capuani it has foreign sales subsidiaries in Belgium: Pan Electric Belge Sprl, Ixelles, Brussels; in France: Pan Electric Sarl, Paris and in Spain, Pan Electric Iberica SA, Barcelona.

The Turin firm is a 66% interest of various public concerns including Istituto Bancario San Paolo di Torino, Banca Popolare di Novara SpA, I.M.I.-Istituto Mobiliare Italiano (which is shortly to form an investment company to head most of its interests) I.F.I.-Istituto Finanziario Industriale SpA (part of the Fiat SpA group Turin) and S.A.I.-Sta Assicuratrice Industriale SpA.

** M. Hubert Faure, vice-president of the New York group OTIS ELEVATOR CO (see No 336) who since 1965 has been responsible for co-ordinating the policies of its European interests as well as being head of the French subsidiary Ascenseur Otis SA, has been appointed manager of Otis Europe SA, a newly formed direct Paris subsidiary of the American group. With a capital of Ff 100,000 this will be responsible for the installation and servicing of lifts in France and abroad.

Otis controls companies in other Common Market countries: Flohr-Otis GmbH, Berlin, Stigler Otis SpA, Milan, Otis SA, Brussels and Otis Elevator (Holland) NV, Amsterdam. Its other European interests include Otis Elevator Co Ltd, London (Mr. W. A. Frater is chairman) and Jacobo Schneider SA, Madrid (acquired in 1965 and run by M. Deschappelles).

ELECTRONICS

** The New York company B. FREUDENBERG INC, New York (headed by Mr. Boris Freudenberg) which represents and markets electronic components for the computer industry, has formed another Common Market subsidiary B.F.I. ELETTRONICA SpA, Milan (authorised capital Lire 15 million). The directors of the new concern are Signor Pierantonio Cremaschi, Milan and Mr. Frank W. Parker, Teaneck, New Jersey.

The firms represented by the New York concern include T. R. C. Inc., Affiliated Manufacturers Inc., Wells Electronics Inc., Indium Corp of America, Nuclide General Corp., B.T.U. Engineering Corp., Kocour Co., Metallized Products Co., Cimron Corp. It has several European subsidiaries: B.F.I. Electronics Ltd., headed by Mr. A. Dunkey, B.F.I. Electronique Sarl headed by Mr M. Sangrain, and B.F.I. Eletronik GmbH.

** The leading world producer of digital and terminal computer systems CALIFORNIA COMPUTER PRODUCTS INC, Downey, California, is about to form a French sales subsidiary. Since 1963, it has had an Amsterdam subsidiary, Nederlandse Computer Mij NV, which, and its existing Benelux agents, is the Rotterdam firm Anru NV. In Britain the Middlesex company S. E. Laboratories (Engineering) Ltd, Feltham, is responsible for the distribution of the American firm's products.

** The German group ALLGEMEINE ELEKTRICITAETS GESELLSCHAFT AEG-TELEFUNKEN, Berlin and Frankfurt (see No 405), has linked with the American HUGHES AIRCRAFT CO, Culver City, California (see No 398), to gain joint control of the Heidelberg firm ELTROGmbH & CO KG GESELLSCHAFT FUER STRAHLUNGSTECHNIK (see No 359). The latter, until now, has been headed by Herren Theodor Hofmeister and Jupp Menke, and though these two will retain interests, AEG-Telefunken now becomes the majority shareholder. The firm employs about 1,000 people in its factories at Heidelberg-Pfaffengrund and Flensburg-Mürwik, and specialises in general electronics, micro-wave equipment, precision engineering and plastics applications. Its subsidiaries are Eltro Werkzeug- & Gerätebau GmbH & Co KG, Neckargemünd, and Eltrughes Strahlungstechnik GmbH, Heidelberg, where it is linked 50-50 with Hughes Aircraft.

In addition to this, the latter also has a West German branch at Bad Godesburg and a 23% interest in the avionics concern Elektronische- & Luftfahrtgeräte GmbH Elekluft, Bad Godesberg, where it is associated with AEG-Telefunken and General Electric Co, New York (51% and 26% respectively).

ENGINEERING & METAL

** The Dutch group MULDER-VOGEM NV, which specialises in building plants and supplying equipment for the chemical, petrochemical, pharmaceutical and food industries (see No 409), has formed a subsidiary, MULDER-VOGEM LATINO AMERICANA, Willemstad, Curacao (capital \$100,000), which will be in charge of its Latin American interests. It has long had a subsidiary in the Argentine at Buenos Aires (see No 369). The most recent moves of the group abroad have been the formation of subsidiaries in Spain and Italy (see No 393), which have strengthened a sales network already covering Paris, Düsseldorf, Brussels, London, Stockholm, etc.

** Formed in February 1965 (see No 305) as an almost wholly-owned subsidiary of the American company BYRON JACKSON INC, Long Beach, California, the Dutch sales and machine tools and drilling equipment firm BJ SERVICE NV, The Hague (capital Fl 2.5 million), has opened a West German branch at Celle, headed by Herr Wilhelm Schlotiky. In December 1965, the Dutch firm had opened a branch in Britain (see No 337).

Byron Jackson is a division of the Chicago group Borg-Warner Corp (see No 375), which has a direct interest in Germany through a Hamburg subsidiary, Borg-Warner International GmbH.

** The American firm NORTON CO, Worcester, Massachusetts, (see No 387), which specialises in electrical welding and abrasives and refractories for the metal industry, has opened a British branch (at Horley, Surrey) to its French subsidiary N.C.R. EUROPE Sarl, St-Julien, Haute Savoie (see No 320). The latter was formed in 1965 and runs the American group's third French factory, where it makes vacuum valves, testing ovens, evaporation equipment, etc.

** The Swedish manufacturer of civil engineering equipment AKERMANS VERKSTAD A/B, Eslöv, has formed a Dutch sales subsidiary, AKERMANS MACHINES NV, Gouda (initial capital Fl 50,000). The new concern is headed by two Swedes, Messrs. E. M. Ydmark, Eslöv, and P. van Schravendijk, Gouda.

Akermans Verkestad has subsidiaries throughout Sweden, in Gothenburg, Bromma, Malmö and Ludvika, and abroad it has interests in Norway, Finland, Denmark, and since 1962 controls the Cologne firm Akermans Verkestad Baumaschinen GmbH.

** The Swiss manufacturer of oil heaters and central heating equipment ELCO OELBRENNERWERK AG, Viltero, St-Gall (see No 257), has made its Dutch branch at Velsen (see No 248) into a subsidiary called ELCO NEDERLAND NV. Headed by MM. V. Flury, Buch, Switzerland, and A. R. Soeteman, Heemskerk, the new company has a capital of Fl 500,000. controlled by the Swiss holding company ELCO INTERNATIONAL AG, Chur. The latter manages many of the group's foreign interests, including the West German Elco Oel- & Gasfeuerungen GmbH, Essen, and Elco Oel- & Gasbrennerwerk GmbH, Ravensburg, the Austrian Elco-Oelfeuerungen GmbH, Götzio, and the French Elco SA, Montreuil s/Bois.

** The Milan group MONTECATINI-EDISON SpA will soon purchase an important majority shareholding in the ferrous metals processing concern PIETRA SpA - ACCIERIE FERRIERE & TUBIFICI, Brescia and Sarezzo. The latter (headed by Sig. Oddino Pietra) will shortly take over a former subsidiary of EDISON SpA, the Milan foundry and concrete-stressing steel concern Metallurgica Vittorio Cobiانchi SpA (factory at Omegna, which should have been closed a few months ago due to the deficit on its operations).

At the same time, another Milan company, Officine Metallurgiche Piemontesi SpA, will make over its iron processing concern at Omegna to Pietra. As a result of both of these moves, the latter will increase its capital to Lire 2,247.5 million.

** The proposal made by the West German air-conditioning manufacturer SCHILDE AG, Bad Hersfeld (see No 406), to open an Austrian sales subsidiary has resulted in the formal establishment in Vienna of SCHILDE-WIEN GmbH (capital Sch 100,000), with Herr Friedrich Quissek as manager. The founder company has its 51.02% interest of the Frankfurt group DEGUSSA AG.

** The Italian subsidiary (headed by M. Gustav I. Lindstein) of the Swedish machinery manufacturer SUNDS A/B, Sundsvall and Oerebro, which was planned in July 1966, has now been formed.

The founder (formerly Sunds Verkstäder A/B - capital Kr 10 million - see No 268) is headed by M. J. E. I. Bladh, and has two divisions: - 1) "Sundsbruck", which specialises in wood processing and viscose production machinery (see No 291); and 2) "Emba", which makes machinery for use in cardboard and plastic production. It belongs to the Stockholm group Svenska Cellulosa A/B (see No 399), which has a number of foreign subsidiaries, including Sund France Sarl, Paris (see No 379), which promotes sales of "Sundsbrück" and "Emba".

** The Swiss watchmaking firm NIVADA AG, Grenchen, Solothurn (president M. Robert Lerch), has formed an Italian sales subsidiary OROLERIA ATHENA Srl, Ciserano, Bergamo (capital Lire 10 million), in joint partnership with the Milan G. M. Turetta & Co Sas. The new concern is run by Signor C. Battista of Turetta.

** KAISER ALUMINUM & CHEMICAL CORP, Oakland, California; ALCAN ALUMINIUM LTD, Montreal; PECHINEY-CIE DE PRODUITS CHIMIQUES & ELECTROMETALLURGIQUES SA, Paris, and CONZINC-RIO-TINTO OF AUSTRALIA LTD, Melbourne, have joined in forming a Dutch finance company called Queensland Alumina Holdings NV, The Hague (capital Fl 10,000). This is to float a \$20 million loan on the Euro-dollar market at 6.5% (with MORGAN GUARANTY TRUST CO of New York acting as bond trustee), in association with BANQUE INTERNATIONALE A LUXEMBOURG SA, which will handle the financial services of the project.

The loan is to finance expansion of the new bauxite-processing plant run in Australia by Queensland Alumina Ltd, Gladstone, Queensland (see No 402), the capacity of which is to be increased from 600,000 to 900,000 tons a year. The American group holds the majority interest of 52% in this firm, whilst the Melbourne company (85% subsidiary of R-T Z, London) holds 8% of the shares, the balance being apportioned equally to the Canadian and French groups.

** The Italian printing-press manufacturer OFFICINE MECCANICHE GIOVANNI CERUTTI SpA, Casale Monferrato, has formed a sales subsidiary in Zurich called Rotocerutti AG (capital Sf 100,000). The parent company specialises in heliographic machinery, has Lire 200 million capital, and is in no way connected with the machine-tools, milling and planing plant manufacturer, Officine Meccaniche Ceruti SpA of Bolatte, Milan, which is a member of the Montecatini-Edison group.

** STE PAVALLIER CONSTRUCTIONS METALLURGIQUES & D'ENTREPRISES SA, Bourg-les-Valence, Drome (annual turnover Ff 60 million - see No 331), one of the world's leading producers of baking ovens and oil-burners, is in the process of extending its foreign network (it has had a Milan subsidiary since late 1965), with the aim of ensuring its future expansion.

The president of the French concern is M. Louis Pavallier, and it has a capital of Ff 5 million. A new factory now being built will increase production to 2,000 ovens annually.

** HALBERGERHUETTE GmbH, Brebach üb Saarbrücken (foundry and engineering - see No 309), a 60% subsidiary of the French CIE DE PONT-A-MOUSSON SA, Nancy, Meuse-et-Moselle, and one-third linked with SAARLAENDISCHE INDUSTRIEGESELLSCHAFT mbH, Neunkirchen, Saar (of the GEBRUEDER STUMM GmbH - see No 364), is to divide its activities. Two new subsidiaries have been formed for this purpose, and the first, at Rubach, will be for soft castings for ducts, couplings, cylinder linings and mill rollers: the second is at Ludwigshafen, (at present Halberg Ludwigshafen Werk der Halbergerhütte GmbH), and this will continue to produce piston and centrifugal pumps and vertical compressors of up to 1,000 kg output.

The reshuffle will be reflected in France, where a reciprocal technical and financial agreement will link the German firm with its subsidiary POMPES WAUQUIER SA, Lille (see No 309), and with the POMPES GUINARD SA group of St-Cloud and Chateauroux (see No 407), whose products are complementary. The latter is an affiliate of Cie de Financement Industriel SA, Paris (subsidiary of C.I.C. - Credit Industriel & Commercial SA), and will exchange shareholdings with its new German partner, thus increasing their financial interdependence and creating a European-scale group (the second largest in the EEC, after K.S.B.-Klein, Schanzlin and Becker AG, Frankenthal, Pfalz - see No 397). This group will also embrace S.C.A.C. - Ste des Forges & Ateliers du Creusot SA (of the Schneider SA group - see No 397), which will contribute its Nantes factory.

Halbergerhütte (president Herr J. Cavallier) has several foreign sales organisations, especially Halberg Sarl, Paris; Halber GmbH & Co KG, Vienna, and Idromeccanica Srl, Milan. It has numerous West German subsidiaries (Stuttgart, Munich, etc.), and interests in such companies as Pleuger Unterwasserpumpen GmbH, Hamburg; Omniplast GmbH & Co, Wetzlar; Hagewe GmbH & Co, Oetigheim Kr Rastatt; Vanit KG, Wanne-Eickel. In France, its subsidiary Pompes Wauquier (capital Ff 2 million - acquired in 1965) is linked with the Swiss Cooper Alloy International SA, Fribourg (which is run by Mr. H. Cooper of Hillside, New Jersey) in Wauquier-Vanton Sarl, Lille (manager M. A. Bel). It also has a number of minority interests in France, especially in Entreprises Albert Cochery SA, Paris, and Ste des Mines de Saizerais SA, Nancy.

** The French manufacturer of drilling equipment, hydraulic plant and allied equipment A.C.M. - ATELIERS DE CONSTRUCTION POUR LA RECHERCHE DU PETROLE SA, Cosne-sur-Loire, Nièvre (see No 376), has formed a Dutch sales subsidiary, DIENSTVERLENING MIJ. VOOR OLIE - & GASINDUSTRIEEN NV, Schiedam, headed by its own president, M. Andre Cendre. This is a 40-40 joint interest - through its Swiss subsidiary Iprasco Petrol Research & Services AG, Zug (formerly A.C.M. Services & Supplies) - with a local engineering and shipbuilding concern, NV WERF GUSTO. v/h FIRMA A. F. SMULDERS (see No 382). The remainder of the capital of Fl 100,000 is held by CIE FRANCAISE DU SAHARA-STE SAHARIENNE DU DEVELOPPEMENT SA, Paris (see No 348).

The latter holds a minority shareholding of around 10% in A.C.M. (and its subsidiary A.C.M. Sahara), and represents Ideco (Dresser Industries), Hughes Tool, Drilco and Interhydro.

** The French ETS EUGENE SCHOLTES SA, Thionville, Moselle (cookers, hot-plates, radiators and domestic appliances - capital Ff 9.4 million) has set up a sales subsidiary in Basle called Scholtes SA (capital Sf 50,000). The parent company is headed by M. Maurice Scholtes, and employs some 900 people in its factories at Lagrange-pres-Thionville.

FINANCE

** HAMBROS BANK LTD, London (see No 406) has acquired a minority shareholding - through its Zurich subsidiary Hambros Investment Co Ltd - in the banking establishment R. DE LUBERSAC & CIE (see No 262). This has now become a deposit bank called CIE PRIVEE DE BANQUE SA (capital increased to Ff 2.1 million) and Mr F. Seilern-Asprang has been coopted on to the board as a representative of the British bank. The Paris bank (president M. R. d'Autriche-Este will gradually strengthen its financial structure and thus enable other foreign concerns to acquire shareholdings. It is linked with the French insurance group La France - I.A.R.D./La Patrie (represented on the board by its president M. Maurice Lacombe) and is run by MM. Phillippe and Ernest Gutzwiller, former managing partners of R. Lubersac & Cie.

M. Charles de Lubersac - no longer connected with the firm of R. Lubersac - is president of Banque Europeene de Financement SA, Paris (former Zilka group - see No 396) which a few months ago was acquired by American interests (see No 393).

** A merger which has taken place in South West France has strengthened a regional finance house, STE ARMAGNACAISE DE CREDIT SA, Condom, Gers, specialising in car financing. It has absorbed two affiliated companies: CREDIT MODERNE TOULOUSE (which holds investments worth Ff 11.47 million) and S.A.I.P. - STE ARMAGNACAISE D'INVESTISSEMENT & DE PARTICIPATIONS SA (net assets of Ff 1.01 million).

As a result of this operation, the Condom company (president M. J. Fossat) has changed its name to STE ARMAGNACAISE DE CREDIT - LE CREDIT MODERNE SA, moved its head office to Toulouse, Haute Garonne, and increased its capital to Ff 5.66 million.

** Two Scandinavia banks, DEN NORSKE CREDITBANK, Oslo, and SJOBENHAVN's HANDELSBANK A/S, Copenhagen, have each taken around 8.3% in the Luxembourg holding company, INTERLEASE SA (see No 381), which has increased its capital to Ff 1,990,000. This company was formed in July 1963 by a number of European banks which wanted to co-ordinate the business of their own various leasing companies and thus have available the technical assistance required.

The seven founding companies were Banque de l'Indochine, Hambros Bank Ltd, Nederlandse Overzee Bank NV, R. Mees & Zonen, Cofinindus - Cie Financiere & Industrielle SA, Banco Espanol de Credito and Banca Commerciale Italiana SpA, but several other European and American banks bought shares in Interlease in 1965. These were: Walter E. Heller & Co, Chicago; Bankhaus Friedrich Simon KGaA, Düsseldorf; Bayerische Vereinsbank AG, Munich; Financierings A/B Skandic, Stockholm; Aucreda AG, Zurich, and Ste de Banque Suisse SA, Basle.

** The Paris company CIE EUROPEENNE DE BANQUE SA, (see No 387) has formed a leasing company called CIE EUROPEENNE DE BAIL - C.E. BAIL SA. With M. Calude Gouvert as president, and run by M. J. P. Levy, the new company has a capital of Ff 1.5 million, and the directors are Messrs Fernand de Drouas, and L. de Auer (representing the Bank of America). The founder company is a 65% interest of the San Francisco group Transamerica Corp (see No 385) and is an affiliate of Ste Hypothecaire Belge & Caisse d'Epargne Ippa Sa, Antwerp, as well as of Ste Centrale de Banque SA, Paris (see No 406) la Banque Seligman Louis Hirsch SA, and la Banque Commerciale de Paris SA.

** STE DUN & BRADSTREET Sarl (capital Ff 125,000), the Paris subsidiary of Dun & Bradstreet Inc, New York, the largest American commercial directory concern (see No 364) has opened a Marseilles branch under its own director, Mr M. Spaulding.

The American bank, LAZARD FRERES & CO (senior partner Mr Andre Meyer), a sister to the French bank Lazard Freres & Cie Snc, has negotiated the acquisition of a large \$2.8 million shareholding in Dun and Bradstreet Inc, against the contribution of its mutual investment fund, Lazard Fund Inc (assets of \$86 million), which in 1958 was placed under the aegis of a new portfolio company, Moody's Capital Fund Inc, formed by Moody's Investors Services Inc, itself the financial subsidiary (president Mr. Holland B. Idleman) of Dun & Bradstreet. Philippe Meyer, son of Andre, is the main shareholder of the French Lazard Freres, and Pierre David-Weill is its main active partner.

FOOD & DRINK

** The negotiations which started some time ago (see No 407) between two French food groups, STE NORMANDE D'ALIMENTATION SA, Caen, Calvados, and NOUVELLES EPICERIES DU NORD SA, Madeleine, Nord, will result in the former taking over the latter. Ste Normande d'Alimentation SA will now become STE NORD-OUEST D'ALIMENTATION-S.N.A. SA (capital increased to Ff 9.2 million) and the new group will cover some 470 branches in the departments of Calvados, Manche, Orne, Seine-Maritime, Somme, Pas-de-Calais and Nord. The move will also simplify the internal organisation of the Paris purchasing group Paridoc Sarl, to which both firms belong.

** It is reported from Paris that the leading French dairy products concern GENVRAIN SA (a holding company - annual turnover Ff 1,000 million) may establish closer links with its US counterpart NATIONAL DAIRY PRODUCTS, which may be about to make a takeover bid for the French concern. The main company in the latter group is SAFR - Ste des Fermiers Reunis (annual turnover of Ff 560 million) which two years ago made a marketing agreement with the American group's West German subsidiary Kraft AG, Lindenburg (see No 342) under which the latter has exclusive rights for selling Port-Salut cheese in West Germany in return for SAFR selling Kraft products in France.

National Dairy Products had a 1966 turnover of \$2,251,725,000 and its main interests lie in the Kraft group of companies.

** The Italian food group MOTTA SpA (see No 406), which has been represented on the French market since 1960 by Motta France Sarl, Nanterre, Hauts-de-Seine (capital Ff 30 million - it also runs a large ice cream factory at Argentan, Orne), plans to diversify its activities in France and recoup some of the heavy losses it has made there (Lire 3,200 million in 1966, whereas its German subsidiary in Wiesbaden lost only Lire 1,200 million). Motta has been invited to set up "Mottagrill" restaurants along the new French motorways, and it has accepted this, on condition that it is allowed complete technical and financial initiative in the project.

The group recently embarked upon a reorganisation programme, and made certain structural cuts, but without at all neglecting new investments (Lire 5,220 million in 1966, as against 3,080 million in 1965). At that time, it absorbed nine wholly-owned property subsidiaries, and sold its interests in: 1) Ovomotta SpA, Brescia, which was acquired by Cip-Zoo SpA (see No 348); 2) Grand Hotel San Marino SpA, and the farming and stock-rearing concern La Fiorita SpA, Medole, Mantua.

** The largest French yoghurt concern, DANONE SA, Levallois-Perret (capital Ff 38,090,000 - see No 401), as part of its European expansion programme, has set up a sales subsidiary in Britain called Danone (Yogurt) Ltd, Brentford (capital £100).

The French company's other foreign interests include: a 33.3% associate at Rotselaar, Belgium - a subsidiary of the Chicago group, Beatrice Foods Co; a founding interest in a Navarre dairy products factory, through its affiliate Gerdabel SA (see No 345), and holdings in companies in Barcelona, Casablanca and Cologne (see No 362). It also has various licensees, such as Danone Products, New York, with which it has no financial links.

** The second French producer of fatty substances - after GEORGES LESIEU E & SES FILS - the Marseilles group UNIPOL-UNION DES INDUSTRIES DE PRODUITS OLEAGINEUX SA (brands include Huilor, Dulcine, Vegetaline and Le Chat - 1966 turnover exceeded Ff 600 million) has made an agreement with the Chicago group QUAKER OATS Co (see No 380).

The latter is represented in Paris by Quaker Oats (France) SA (capital Ff 5.5 million - president since late 1965 Mr Francis Whitmarsh - see No 349) and from 1964 onwards has controlled the petfood concern FIDO which processes 80 tons of fish and meat weekly at Quimperle, Finistore. This will now be run by Unipol, which will also market cereal and other food products made by the American group's various European subsidiaries: Quaker Oats Ltd, Southall, Middlesex and Whitehaven, Quaker Oats - Graanprodukten NV, Rotterdam and Ujmuiden, as well as Evido NV, Amsterdam, Ota A/S, Copenhagen and Naakshov, and its Copenhagen subsidiary Farta A/S.

GLASS

** The American FLEX-O-LITE MFG CORP, St-Louis, Missouri (glass reflector for road signs, aeroport signalling equipment) has formed a West German manufacturing and sales subsidiary FLEX-O-LITE EUROPA GmbH STRAHLPERLEN, Recklinghausen (capital DM 2.5 million) with Herren Egbert Angrick and Horst Bretthaver

as managers. The latter is also manager of Vestische Glashütte GmbH "Vestglas" of Wuppertal-Langerfeld (capital DM 2.4 million).

The founder has factories in St-Louis, Paris, Texas and St-Thomas, Ontario and since 1964 has been controlled by General Steel Industries Inc, Granite City, Illinois. The latter employs some 4,000 persons in the metallurgical and engineering industries and has an annual turnover of around \$90 million.

** The French glass group BOUSSOIS-SOUCHON-NEUVESEL SA (see No 408) has streamlined its organisation by absorbing VERRERIES HEMAIN FRERES SA, Rive-de-Giers, Loire (see No 272), which makes hollow and moulded glass for industry, glassware and advertising material. It uses the "SN" and "Vereco" marques, is directed by A. Riboud, and has branches in Paris, Lyons etc. It was originally under the 50% control of Verreries Souchon-Neuvesel SA, which made over to the Boussois-Souchon-Neuvesel group when this was formed by merger in 1966 (see No 275).

MINES

** The PHILIPP BROTHERS Division of the American group MINERALS & CHEMICAL PHILIPP CORP, Menlo Park, New Jersey (see No 388) has acquired a large shareholding in KIVUMINES Scrl from the Belgium STE DE FINANCE & DE GESTION SOBAKI SA, and has thus strengthened its links in the Congo with the latter concern. During 1965-1966 Kivumines produced some 800,000 tons of cassiterite and 26,544 kg. of gold at Kasilu.

The American group and the Belgian company are already linked in the Congolese concern Phibraki Scrl which exploits stamiferous deposits at Katulu and Kabili (91 tons of cassiterite in 1966).

OFFICE EQUIPMENT

** The American group PITNEY-BOWES INC Stamford, Connecticut (see No 340) which makes equipment for sorting, stamping and opening mail has strengthened the position of its French marketing subsidiary ADREMA PITNEY-BOWES Sarl, Paris by tripling the latter's capital to Ff 3 million. This was formed in 1961 as Pitney-Bowes France, is managed by M. J. Trubert, and throughout France distributes products made by the West German subsidiaries Adrema Werke GmbH, Berlin and Hepperheim and Deutsche Pitney-Bowes GmbH, Frankfurt.

The Stamford firm already had a sales Milan subsidiary Adrema Pitney-Bowes SpA (capital Lire 80 million) but this was wound up at the end of 1965. Its other direct or indirect European interests include Pitney-Bowes Ltd, Harlow, Essex (a minority shareholder in the French firm) and Collateurs Automatiques SA, Boussu-lez-Mons, Belgium a direct subsidiary of Thomas Collators Inc, New York (acquired by the group in early 1966).

OIL, GAS & PETROCHEMICALS

** The latest move in the reorganisation of the state-controlled side of the French oil industry is the making-over to U.G.P. - UNION GENERALE DES PETROLES SA (now a 66.6% subsidiary of E.R.A.P. - ENTREPRISE DE RECHERCHES & D'ACTIVITES PETROLIERES - see No 390) of its various liquefied gas distribution interests by the S.N.P.A. - STE NATIONALE DES PETROLES D'AQUITAINE SA, Paris (51.04% ERAP subsidiary, president M. P. Guillaumat). The reorganisation plan was initiated in 1966, and the first major move was in fact the creation of ERAP (see No 398).

Against this, SNPA now holds a 15% interest in U.G.P., and this will soon be raised to 20%. U.G.P. supplied about 11.5% of the French market in 1965, and its production capacity will soon stand at 20 million tons a year, to be marketed under the new "Elf" trademark.

** M. S. Koren, Zagreb, and Sig. A. Cleriri, Milan, are respectively president and managing director of the Italian-Yugoslav petroleum and petrochemical plant construction firm SNAM-INA PROJEKT SpA (see No. 408), which has been formally established in Milan with a capital of Lire 50 million, following the joint agreement between the Yugoslavian state concern INA INDUSTRIA NAFTE, Zagreb, and SNAM PROGETTI SpA, Milan (part of the E.N.I. group).

PLASTICS

** The American DOW CHEMICAL CO, Midland, Michigan (see No 405) is to increase its potential petrochemical output in the Benelux countries by setting up a cracking plant for ethylene and other alkenes at Terneuzen, Netherlands, on the south bank of the Escaut, on a site which leaves room for future development (this is why such a place was chosen, rather than Rotterdam or Antwerp). The new plant, which will go into production late in 1969, will produce 400,000 tons of ethylene and 60,000 tons of low-density polyethylene a year, thus complementing the styrene and chlorine solvents factories that Dow is currently commissioning (total investment Fl 700 million). The new plant will take ethylene supplies, if present negotiations are successful, from Petrochim NV, Antwerp, and Shell Nederland NV, Pernis, Rotterdam.

** The co-operation between the German chemical group BASF-BADISCHE ANILIN & SODA-FABRIK AG, Ludwigshafen, and the Austrian concern OESTERREICHISCHE STICKSTOFFWERKE AG, Linz, Donau, will be strengthened through the former granting a manufacturing licence (using the 'Oxo' process) for the manufacture of ethylhexanol. The latter will build a factory making plasticisers with an initial capacity of 24,000 tons annually. The two companies are already linked through a joint subsidiary, Danubia Olefinwerke GmbH, Vienna (see No 408).

** The Frankfurt group FARBWERKE HOECHST AG has made an offer (expiring on June 14) for the whole of the DM 10.5 million capital of the Hamburg firm REICHHOLD CHEMIE AG (see No 389). This has close technical links - as well as a common director Mr Stefan Baum of New York - with the American group REICHHOLD CHEMICALS INC, White Plains, New York. The Hamburg firm makes synthetic resins and powdered plastics; with a payroll of 500 it had a 1966 turnover of DM 66 million. After the dissolution of its 50/50 subsidiary with DEA - Deutsche Erdöl AG, Hamburg (a member of the Texaco Inc group of New York) Oleo-Naptha Chemische Fabrik, Brunshüttenkoog which ran a phenolalkyl plant, it still controls a wholly-owned Hamburg marketing concern Chemikalien - & Industrie-Produkte Handels GmbH (capital DM 50,000).

The Hoechst group will make available its technical knowledge and sales network to Reichhold Chemie and the latter will co-operate closely as far as production is concerned with the group's specialised subsidiary Chemische Werke Albert, Wiesbaden-Biebrich.

RUBBER

** The American GENERAL TIRE & RUBBER CO, Akron, Ohio (see No 398) has decided to terminate production by its Amsterdam subsidiary DE GENERAL BANDEN & RUBBER MIJ HOLLAND NV, which has been running at a loss for some years. It was formed in 1952 under the direction of Mr Carroll L. James, and at Westhavenweg, Amsterdam, it produced tyres and inner tubes. Since 1964, it has had a sales subsidiary in Brussels, General Tire & Rubber Co - Belgium NV, and another in Düsseldorf since 1962: Reifenhandelsgesellschaft General Tire mbH. In 1961 it formed a subsidiary in Amsterdam itself, under the name of Handelsmij General Tire Europe NV.

TEXTILES

** The Brussels holding company ELECTROBEL SA (see No 402) is to handle the design and engineering contracts for the Bf 125 million fibreglass factory to be built at Battice, Verviers, as a joint venture by Belgian interests (majority) and the American CLARK SCHWEBEL CORP, Anderson, South Carolina and New York (a member since 1960 of the group M. Lowenstein & Sons Inc - see No 409).

The new plant will initially employ 150 people and produce 6 million linear metres of decorative fibreglass fabrics a year. It will thus become the second largest American-backed Belgian concern in this sector, after Owens Corning Fiberglass Europe SA (capital Bf 468,160,000 - see No 378). It will be run by M C. G. Herschodorfer, who is executive director of the new Clark-Schwebel International SA (initial capital Bf 57.5 million) in which the American group holds a 39.2% interest (both direct, and through Clark-Schwebel Fiber Glas Corp and Clark-Schwebel Glass Fabrics Corp). Control of the new company is shared 44.3/16.8 between S.N.I. - Ste Nationale d'Investissement SA, Brussels (see No 407) and Ste Financiere de Gestion - TEXAF SA, Brussels (whose main shareholder is Banque de Paris & Des Pays-Bas, through its Belgian affiliates Sopabel SA and Cobepa SA).

** The New York textiles group BEAUNIT CORP (artificial and synthetic fibres), is conducting negotiations with the Italian MODERNA INDUSTRIA TESSILE - M.I.T. SpA, Cisterna di Latina, with a view to establishing technical and financial links. For the American group, the spokesmen are Messrs. I. Meltzer and A. Harrison, whilst MIT is represented by Sig. Mohir T. Spahi (a Syrian born in Beirut).

Beaunit has a number of factories in the USA, Mexico, Japan and the Netherlands. It has been linked under a technical agreement for one year with its 34.4% affiliate El Paso Natural Gas Co, and is currently merging with a subsidiary of the latter, and has similar links with Anic SpA, Milan (of the E.N.I. group - see No 406) in the polyester fibre sector. MIT employs about 200 people, and produces about 2,000 kilos per day of "Terital" synthetic thread and cotton blends: it has Lire 750 million capital, and was formed in 1963 by Syrian and American interests, mainly represented by Mr. Spahi (now its president), A. F. El Demirdache of London and E. Jawdat.

** MONTIAL ITALIANA SpA, Milan, which was formed late in 1966 (see No 382) as a subsidiary of the Dutch clothing and chain-store group NV ALGEMENE CONFECTIEHANDEL VAN C & A BRENNINKMEIJER, Amsterdam, will now take over Italian representation and distribution of the products of several foreign members of the group. Contracts to this effect have already been signed with C & A Brenninkmeyer GmbH, Düsseldorf; Vera Grundstückverwaltungs GmbH & Co KG, Berlin; C & A Belgie NV, Brussels; Canda Manufacturing Co Ltd, London, and C & A Modes Ltd, London.

Montial (managing director Herr Cornelius Fetsck of Bonn) has Lire 100 million capital, and control of this is shared between two of the group's Amsterdam subsidiaries; Unicena NV and Surrey Beheer Mij NV.

** The Belgian group LA VESDRE - SA BELGE DE PEIGNAGE & FILATURE (see No 342), which is reorganising its Verviers factory (where its Wool-Combing Division has just made a 50% cut in output), is to step up its dyeing activities. This Division is to be merged with two other Belgian concerns (one of which is FETTWEISS Sprl), and negotiations are in hand for the formation of a new company, which will be one of the largest in European dyeing.

LA VESDRE, which has factories at Brussels and Mouscron, recently set up a synthetic fibres and thread factory at Furnes in Eastern Flanders: this has 2,000 tons annual capacity for fabrics and hose, and two-thirds of this goes for export. Some months ago, the group decided on a partial trading merger with Lainiere de l'Escaut SA, Leupegem, and this was backed by an exchange of directors.

TOBACCO

** CARRE RAS LTD, Basildon, Essex (see No 406), has just formed a new sales subsidiary called Carreras SA at Ixelles, Brussels, under Ronald W. S. Plumley and Lucien Welle. The latter (president of the Belgian cigarette company WELTAB SA - in which Carreras recently acquired a 33.3% interest - see No 396) himself holds 33.3% of the capital of the new firm (Bf 100,000).

** The Amsterdam DELI-MIJ. NV (see No 376) has agreed in principle to sell a large part of the Connecticut assets of its 90% US subsidiary AMERICAN SUMATRA TOBACCO CORP. to the New York GENERAL CIGAR CO group (see No 375). American Sumatra came under Dutch control in 1960 and it has a property subsidiary, Imperial Nurseries Inc owning 600 acres of plantations in Connecticut and Florida growing "Shadegrown" cigar-wrapping leaves; there is also a Florida sales company Hilsum Sales Corp and it controls (50/50 with First Hartford Realty Corp), American Hartford Corp.

The Dutch group's American interests include two associates dealing in cigar fillings: Imperial Processing Corp. and Imperial Processing-Puerto Rico Inc, as well as a 60% shareholding in a Texas oil company, Viking Drilling, two raw material import/export concerns based in New York; Imperial Commodities Corps and Alan L. Grant, and Imperial Agricultural Corp - a property and investment company - which controls the Virginian cigarette manufacturer Bridgeforth Tobacco Co Inc, Kenbridge.

General Cigar has long been linked with Deli-Mij. and it provides technical assistance to the latter. In 1966 it sold its 50% shareholding in the Dutch cigar manufacturer HTL TABAK-MIJ NV, Eindhoven and Amsterdam to Deli-Mij and this is now called Deli-HTL Tabak Mij NV.

TRANSPORT

** The Swedish-backed American freighting and shipping concern STOLT-NIELSEN CHARTERING INC, New York, has formed a subsidiary in Rotterdam called Stolt-Nielsen Ship Agency NV. The new firm has Fl 100, 000 capital, and its directors are Jacob Stolt-Nielsen, Oslo director of B. Stolt-Nielsen & Sonner A/S, Hagesund, and B. van Gelder of Rotterdam.

VARIOUS

** The Liechtenstein investment company ANSTALT GUARANTY RESOURCES CO, Vaduz, has backed the formation of the Milan concern OTTAVIO CAPRIOLO DI ROBERT WALSH & CO Sas (initial capital of Lire 10 million already increased to Lire 150 million), which will manufacture and market equipment for the printing industry. The managing partner for the new concern will be an American resident in Milan, Mr. James Walsh.

** ATLAS INTERNATIONAL FILM GmbH (capital DM 20, 000) has just been formed in Munich to trade in and leasing firms in West Germany and abroad. It has been formed as a result of the liquidation of one of the leading West German firms in this sector, ATLAS FILMVERLEIH GmbH, Düsseldorf (see No 394).

The two managers of the new concern are Herren Dieter Menz and Hans Eckèlkamp (and the latter is the former head of the Düsseldorf company), who are also about to form another company in Düsseldorf called RETRO FILM GmbH. In January of this year he had also backed the formation of ECKEL-KAMP VERLEIH GmbH, Düsseldorf (capital DM 20, 000) with Herr Horst Hesemann as Manager.

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